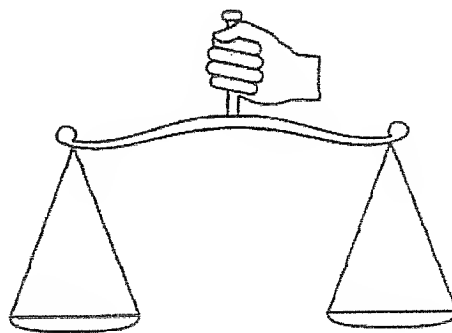


What Is A Trust?



ADVANTAGES OF A PURE TRUST

For Those Who Consider Confidentiality Vitally Important

**Trusts offer: Privacy
Protection
Profit**

The world is changing - Is your thinking changing?

Knowledge is the power of the Global Community. A Trust will provide the first step toward total privacy. With a Trust, the Trust can conduct banking anywhere in the world. International banking provides the most ideal method for receiving profits, but only through a Trust.

WHAT CAN THE TRUST DO FOR YOU?:

- 1) Assets protected 100%, #1 enemy in the world is litigation.**
- 2) Protection from creditors.**
- 3) Protection from liability suits.**
- 4) Protection from malpractice suits.**
- 5) Protection from employees.**
- 6) Protection from personal bankruptcy.**
- 7) Protections from excessive divorce settlements.**
- 8) Avoids probate.**
- 9) Avoids inheritance tax.**
- 10) Avoids estate taxes.**
- 11) Avoids court actions.**
- 12) Attorney fees are eliminated.**
- 13) Accountant fees are eliminated or reduced.**
- 14) Executor's fees are eliminated.**
- 15) Income taxes can be reduced or eliminated.**
- 16) Frees tax dollars for capital appreciation.**
- 17) Provides complete control over your assets through trustees.**
- 18) No public record.**
- 19) Ownership and title can be passed to heirs in complete secrecy.**
- 20) Trust is perpetual - The Trust lives on continuously.**
- 21) Heirs cannot change, challenge, or contest any wishes at your death.**
- 22) The Trust is easy to maintain and very inexpensive.**

“The people perish for lack of Knowledge”

Hosea 4:6

Declaration of Contract Created in the Common Law Right of Contract and protected by Article 1, Section 10 of the constitution of the united States of America.

“No state shall pass any bill of attainder, ex post facto law, or law impairing the obligation of contract” . . .

The Constitution of the United States, Article 1, Section 10

The citizens of each state shall be entitled to all privileges and immunities of citizens in several states”

The Constitution of the United States, Article IV, Section 2, Clause 1.

The properly structured Pure Trust Organization provides the quickest and simplest legal road to freedom, creating the ultimate in tax immunity and iron clad asset protection! By transferring assets into properly structured and legally recognized Pure Trust Organizations, you are able to maintain complete control of all the benefits of asset ownership, without the inherent liabilities. Because the assets are “held in trust,” they cannot be liened, seized or levied for the debts of the trustees or its beneficiaries. Further, the trustees and the beneficiaries are not liable for the debts of the Pure Trust. American Citizens have the unlimited freedom to hold, transfer, sell, or dispose of their property in any manner they desire. It is neither unethical nor unlawful to intelligently protect your family’s property against collateral attack or erosion by taxes. In truth, you have a moral obligation to yourself and your family to intelligently and legally preserve what you have worked a lifetime to obtain. Pure Trust Organizations have been utilized by wealthy financially sophisticated Americans for hundreds of years. Transferring assets into a properly structured Pure Trust Organization is as easy as transferring property to another person. Assets can be conveyed into a trust even if an erroneous Notice of Lien has been filed against the property.

As confirmed the Chief of Accounting for the IRS, “A Pure Trust Organization has no tax requirements.” Therefore, there are no legal requirements for a Pure Trust Organization to file a tax return. “Since the business trust has its origin in the common-law right of the parties to enter into contract and does not spring from a franchise granted by the state, it has been held that the constitutional authority to levy excises upon commodities (income tax), a term including corporate franchises, does not empower the legislature to impose an excise (privilege) tax on business trusts.” 265 Mass 590, 163 NE 904, 63 ALR 192. 13 An Jur 2nd ’85, In Weeks’ v Sibley D.C. 269 F, 155, Edwards v. Commissioner, 415 F2d 578, 582 10th Cir. (1969) and Phillips v. Blatchford, 187 Mass 510, the courts ruled that a Pure Trust is not illegal even if formed for the express purpose of reducing or avoiding taxes. Edison California Stores, Inc. v. McColgan, 30 Cal 2d 472, 183 P2d 16, ruled that persons may adopt any lawful means for the lessening of the burden of income taxes. The Department of the Treasury IRS Handbook for Special Agents #4112: Tax Avoidance Distinguished from Evasion states, “Avoidance of Taxes is not a criminal offense. Any attempt to reduce, avoid, minimize, or alleviate taxes by legitimate

means is permissible." Pursuant to Narragansett Mut. F. Ins. Co. v Burnham, 51 R1371, 154A 909, "It is not an evasion of legal responsibility to take what advantages may accrue from the choice of any particular form of organization permitted by law."

Never in the history of America, has the need for property and asset protection been greater. It is a stark reality in today's world that a sudden financial reversal, an unanticipated lawsuit, or the stroke of a bureaucrat's pen can, overnight, wipe out a lifetime of accumulated savings and assets. Regulatory assaults on private property are at an all time high. Under recently passed Asset Forfeiture Laws, the government can seize private property for minor third party offenses that the property owner may not even be aware of. This can create costly legal expenses and tie up time in court, even if the owner is innocent. The Pure Trust Organization is a powerful tool, which can be used to protect a Citizen's property from the myriad of regulatory abuses, imposed by the government as well as frivolous law suits.

Also, in today's computed and technological super communication age, your privacy can be invaded with the stroke of a keyboard. With a Citizen's social security number or federal ID#, personal information can easily be discovered that can fraudulently be used to abuse their credit and misappropriate their assets. Because the Pure Trust Organization is lawfully established and bank accounts are opened in a fictitious name without a social security or federal identification number, paper trails to the Citizen are permanently severed.

Most Americans do not realize that they have a choice of laws when conducting their personal and/or business affairs. Rarely do we hear about the legally recognized American common law which is the "people's laws", created by and for them. The common law existed long before statutory law and is as viable today as it was in the beginning of our country's history. Originally the common law was created to protect the rights and the property of the people against the abuses of the sovereign king. Unfortunately today, the common law trust is sometimes utilized to protect the people's property against the abuses of our current government. In America the people are sovereign and may choose to legally conduct their affairs outside of government of regulation under the common law.

Statutory law is a creation of the government for the purposes of regulating, fining and penalizing the people. Although it is in the best self-interest of attorneys, CPA's and the government to promote statutory trusts, which are a "creature of the legislature," and therefore have stringent regulatory and tax requirements, this type of trust is the most inhibiting for the Citizen. Statutory Trusts provide only limited protection for property and a truckload of paperwork and taxes for the Citizen. The Statutory Trusts provide only limited protection for property and a truckload of paperwork and taxes for the Citizen. The Statutory Trust is referred to as a "Revocable Living Trust" or "Grantor Trust", and is required to file a 1041 Form every year. The common law, in American, is law based upon the principles of justice and reason. Under the common law, as long as Citizens do not infringe upon the rights of others and keep all agreements entered into, "knowingly, intentionally and voluntarily," they are absolutely free to legally conduct their lives and/or business in any manner they choose. Under the common law, an American Citizen cannot be compelled to do anything against his/her consent. The common law trust, being a creature of our constitutional right to contract, has no government regulations, no tax liability and is not legally required to file a tax return. To put it simply, the Internal Revenue Service and other agencies of the government have NO JURISDICTION over common law Pure Trust Organizations. It is American free enterprise in its purest form!

Help Your Children Avoid Probate with Financial Planning for the Future

The knowledgeable and wealthy continued to utilize the pure trust throughout American history. When the original thirteen colonies won their independence. The man who was reputed to be the richest in the nation, William Bingham, who also served as a Senator from Pennsylvania in the 2nd United States Congress, started a pure trust for his estate, which, at one time, held over two million acres in Maine. After 160 years of operation, the trust was terminated in 1964 upon the sale of the last of the properties involved and because the number of beneficiaries had grown to over 300. During the trust's existence, however, it was not affected by the death of its creator or by the death of generations of trustees. It never paid a cent in probate costs or estate (death) taxes.

The Kennedy family is known to maintain a number of pure trusts, a process which was begun when Joseph Kennedy created a pure trust to own the Chicago Merchandise Mart, which was valued in a *Chicago Tribune* article dated March 22, 1947, at some \$30 million. William Waldorf Astor, saving his heirs millions in probate costs and estate taxes, created a \$50 million trust estate. It is reported when John D. Rockefeller died, he had over 250 pure trusts. Rumor has it that the number of Rockefeller pure trusts now tops the 2,000 mark. The billion-dollar-plus Mellon family (Mellon Bank) has extensively utilized a complex structure of Pure Trust Organizations. The *Dallas Morning News* carefully researched the estate of Texas oil man H. L. Hunt, who died with less than \$30,000 in total personal assets (automobiles valued at \$21,250 plus \$5,443 on deposit in his name in the bank). Yet, he passed complete control of an estate estimated at two to five billion dollars to his son, Bunker Hunt, without estate taxes or probate costs, through the use of pure trust organizations.

Why are we not utilizing the successful history of the knowledgeable and wealthy? The leading reason people are missing out on the best in trusts is because the majority have done nothing in preparing to leave assets to their children. Most people feel they have plenty of time and will eventually do what needs to be done.

However, many never do anything (not even a will) and their estate is left to the tender hands of the state. I have had children call and ask if Silver Will did a trust for their parent(s). They had found a letter from us or the one-page form required to be completed with information needed to do a first draft of a trust. The end result of the above was probate for the estate at a cost of several thousands of dollars and up to two years in the probate process. (Assets are frozen during probate.)

There are also those who believe a good "will" is all they need. Their lawyer "friend" has convinced them a will is the best option. There is no law that states an estate has to go through probate, but a "will" mandates probate. Years ago, knowing there was no way to stop trusts from being used, lawyers arranged our legal system to where if you used a "will" or made no provision for distribution of your estate, then the estate had to

go through probate. "Wills" were then promoted and trusts ignored until the last ten years.

We have also had those who believe they have to work with someone closely in order to discuss their needs. They believe having a trust completed from hundreds of miles away just won't work. Only in extreme cases is this true. Some people request to visit with us in regard to the trust and we are happy to have them. However, this is not necessary. Ordinarily we can take care of all that is needed by having the one page information form filled out fully and a check to complete the package.

Another reason most are missing out on Silver Will's trusts is the simple fact there are so many people now selling trusts. There are many conflicting claims and people don't know whom to believe. Silver Will has sponsored seminars all over the country. These seminars are to help people be educated as to how trusts work. Silver Will is very pleased with the results of these seminars.

When Silver Will first started, you could find few lawyers who would even talk about trusts. Many people attending the meetings have told me their lawyer would not discuss trusts. The few lawyers discussing trusts stated a will was their recommendation, not a trust. It took only a few seminars before law firms in California jumped into the trust business. Most trusts are too long, worded in language difficult to understand and cost too much. Silver Will trusts are easily understood, concise, and at a cost all can afford.

Tax-Free Living

A family utilized a trust and transferred its assets-including house, car and equipment used in the family business (a farm) to the trust. The family then entered into an employment contract with the trust, which required family members to live in their former house because their presence was required at all hours to manage the trust. The trust agreed to pay the family's living expenses, including food and lodging. The family took the payments tax-free because the arrangement benefited their employer, and the trust deducted its expenses. *IRS Ruling:* The arrangement is proper even if it was adopted with the explicit intention of avoiding taxes.

Source: Letter Ruling 9134003.

What have you done to establish your assets for your children? Don't wait until it is too late.

Silver Will Pure Trusts

Affordable Professional Pure Trust Organizations

ADVANTAGES OF A SILVER WILL PURE TRUST

1. NO INCOME TAX REQUIREMENTS! As verified by the I.R.S., "A Pure Trust Organization has no tax requirements!" (See last page). A Pure Trust is not required to pay income tax on its earnings, gains or profits. It does not file a tax return!

2. COMPLETE PRIVACY. A Pure Trust Organization holds assets, conducts business, and does banking in complete privacy. **IT IS NOT REQUIRED TO HAVE A SOCIAL SECURITY, E.I.N., OR OTHER FEDERAL IDENTIFICATION NUMBER!** Information about the assets, liabilities, and management of Pure Trust Organizations are completely confidential and are not accessible to the government or to the public.

3. IRONCLAD ASSET PROTECTION! A Pure Trust Organization protects property from unscrupulous judgment creditors, tax liens, levies and seizures, lawsuits, divorce claims and bankruptcy.

4. FREEDOM: A Pure Trust Organization is Free from Legislative Restrictions!

- a) The Pure Trust has NO accounting, bookkeeping or reporting requirements.
- b) The Pure Trust has NO Income Tax Withholding or Social Security requirements.
- c) The Pure Trust has NO quarterly tax payment or reporting requirements.

5. ELIMINATION OF PROBATE AND INHERITANCE TAXES. A Pure Trust is not required to pay Probate, Inheritance and Death Taxes and associated Legal Fees. A Pure Trust Organization is unaffected by the death of the Trustees or Beneficiaries.

6. MAINTAIN BENEFITS OF PROPERTY AND BUSINESS OWNERSHIP WITHOUT THE POTENTIAL LIABILITIES! Trustees and Beneficiaries are not liable for the debts of the Silver Will Pure Trust and Silver Will Pure Trust CANNOT be invaded because of any debt incurred by the Trustees or Beneficiaries.

*Pays for itself in Legal Tax Savings
Less than the Cost of a Corporation!*

Silver Will Pure Trusts Information

The best time for estate planning and asset protection is NOW, *before* you need it. A Silver Will Pure Trust provides the surest road to freedom permitted by law, providing the ultimate in tax immunity, ironclad asset protection, privacy and estate planning. By transferring assets into properly structured Silver Will Pure Trust, you can maintain complete control of, or all of the benefits of ownership without the inherent liabilities. Assets "*held in trust*," are unaffected by bankruptcy, divorce, law suits, liens, levies or death.

A "Trust" is defined by Black's Law Dictionary as, "*a right of property, real or personal, held by one party for the benefit of another.*" The "Trustee(s)" *hold the legal and equitable Title* to the property for the benefit of the Beneficiaries/Capital Unit Holders. Although the trustees hold the property title, they do not own the property. The Trustee(s) is/are delegated the management authority for the Silver Will Pure Trust.

The Beneficiaries/Capital Unit Holders also do not *own* the property but they have the right to all of the benefits, proceeds and profits of it. This is called the "*beneficial interest.*" In a Sovereignty Pure Trust Organization the "*beneficial interest*" is contractually non-assignable and for that reason a Creditor may not legally attach it. The Beneficiaries/Capital Unit Holders do not have any management control of the property.

A Silver Will Pure Trust is "*created*" and given life, through a "*Contract in the Form of a Pure Trust Organization*" which is referred to as the "*instrument.*"

IMPORTANT: A Contract in the form of a Silver Will Pure Trust does not owe its existence to any act of the legislature. The authority for its' creation is the *common-law right of the parties to enter into a contract.* According to American law, the government cannot regulate or impose a tax upon a right. Our "*right to contract,*" according to the Constitution of the United States, Article I, 10, is *unimpaired.* That means that it is not within the power of the government or even a judge to change one word of a Contract of Trust. Once the property is transferred into a Silver Will Pure Trust it is subject only to its own indentures, which create the laws, protecting the property held by it. The government can ONLY regulate and tax entities it creates.

Unlike a tax-free Contract in the Form of a Silver Will Pure Trust, Revocable Living Trusts, Limited Liability Companies, and Corporations are creatures of statutes, owing their existence to the charter power of the Legislature. *Such entities* may be regulated and taxed by the government because they are exercising the privilege of operating a franchise granted by the State. The Government, therefore, is authorized to impose a *privilege excise tax*, in the form of the income tax, which is not applicable to the Silver Will Pure Trust.

"Since the business trust has its origin in the common-law right of the parties to enter into a contract and does not spring from a franchises granted by the state, it has been held that the constitutional authority to levy excises (income tax on the exercise of privileges) upon commodities, a term including corporate franchises, does not empower the legislature to impose an excise (privilege) tax on business trusts." 266 Mass 690, 163 NE 904, 63 ALR 192. 13 Am Jur 2nd 85.

"A Silver Will Pure Trust has No Income Tax Requirements."

Like Corporations, Revocable Living Trusts *are* statutory and are subject to legislative control and taxation. A Revocable Living Trust is required to file a 1041 Form each year. As confirmed by the Chief of Accounting for the IRS, [See back page], *"A Silver Will Pure Trust has no tax requirements."* Therefore, there is no legal requirement for a Silver Will Pure Trust to file a tax return.

"All subjects over which the sovereign power of the state extends [i.e. Corporations or other statutory entities] are objects of taxation but those over which it does not extend are, upon the soundest principle, EXEMPT FROM TAXATION. This proposition may almost be pronounced as self-evident. The sovereignty of a state extends to everything which exists by its own authority or exists by its permission." — McCulloch v. the State of Maryland, 4 Wheat, 316

In *Weeks v. Sibley* D.C. 269 F, 155, *Edwards v. Commissioner*, 415 F2d 578, 582 10th Cir. (1969) and *Phillips v. Blatchford*, 37 Mass 510, the courts rules that a Pure Trust Organization is not illegal even if formed for the express purpose of reducing or avoiding taxes. *Edison California Stores, Inc. v. McColgan*, 30 Cal 2d 472, 183 P2d 16, rules that persons may adopt any *lawful means* for the lessening of the burden of income taxes. The Department of the Treasury, *IRS Handbook for Special Agents* 412; *Tax Avoidance Distinguished from Evasion* states: "Avoidance of taxes is not a criminal offense. Any attempt to reduce, avoid, minimize, or alleviate taxes *by legitimate means* is permissible..."

Pursuant to *Narragansett Mut. F. Ins. Co. v. Burnham*, 51 RI 371, 154 A 909, *It is not an evasion of legal responsibility to take what advantages may accrue from the choice of any particular form of organization permitted by law.*

A Pure Trust is not considered a taxable "Association" pursuant to tax law. Black's, 6th Law Dictionary defines *Association* as follows: "What is designated as a trust or a partnership...may be classified as an association [only] if it *clearly* possesses [all] corporate attributes. Corporate attributes include: (1) centralized management, (2) continuity of existence, (3) free transferability of interests, (4) limited liability."

A Silver Will Pure Trust is not an "association" or an "unincorporated association," because it does not possess the same attributes of a corporation, such as *continuity of existence* and *free transferability of [beneficial] interests*. Further, unlike a corporation, a Silver Will Pure Trust is not an "artificial entity" nor does it owe its' existence to the charter power of the State.

A Silver Will Pure Trust is also not an *alter ego* or a *nominee* for any trustee or beneficiary because no one individual holds legal and equitable title AND beneficial interest.

A Silver Will Pure Trust is Free from Government Regulations

13 Am Jur 2d, 379, Paragraph 51 "One of the objectives of business trusts is to obtain for the trust associates, most of the advantages of corporations, without the authority of any legislative act and with the freedom from the restrictions and regulations generally imposed by law upon corporations."

Another major advantage to operating a Silver Will Pure Trust as a business is that, because it is not a creature of the legislature, it is not subject to the myriad of strangling legislative controls, rules and regulations that are applicable to corporations and other legislative entities. The Supreme Court case of Eliot v. Freeman, 220 U.S. 178 ruled that a *Silver Will Pure Trust is not subject to legislative control*. The Supreme Court holds that the Trust relationship comes under the realm of equity based upon the common law and is not subject to legislative restrictions as are corporations and other organizations created by legislative authority.

Ironclad Property Protection

Property held by a properly structured Contract in the form of Silver Will Pure Trust is immune from tax liens, levies and seizures, lawsuits, divorce claims and bankruptcy. The Silver Will Pure Trust is not liable for the debts of the Trustees or the Beneficiaries and the assets held by the trust cannot be seized to satisfy their debts. Further the Trustees and Beneficiaries are not liable for the debts of the Trust Organization.

"Trust property cannot be held under attachment nor sold upon execution, for the trustee's personal debts." - Clew v. Jamison 182 U.S. 461, 21 S. Ct. 645

The fact that the trustees hold property does not mean the trustees own personal property. Trust property cannot be held under an attachment nor sold upon the execution of trustee's personal debts...Trustees and beneficiaries cannot be held liable for debts incurred by the trust. If, in fact, a true trust has been created, the certificate holders are not liable on the obligation incurred by the trustees or managing agents appointed by the trustees. Hussey v. Arnold, 70 NE 87; Mayo v. Moritz, 24 NE 1083.

Pursuant to 695.30(a) of the CCP for the State of California and similar Civil Procedure Codes of other states: "...property of the judgment debtor that is not assignable or transferable is not subject to the enforcement of a money judgment."

Legislative Committee Comment

Subdivision (a) of section 695.030 states the general rule that property is not subject to enforcement unless it is assignable or transferable. See e.g. 1A. Freeman, Law of Executions Sec. 109 (3d ed. 1900); Murphy v. Allstate Ins. Co. 17 Cal. 3d 937, 553 P.2d 584, 132 Cal. Rptr 424 (1976).

Total Privacy

One of the most fundamental American rights is our "right to financial privacy." Silver Will Pure Trust are lawfully established and bank accounts are opened in a fictitious name without a social security or federal identification number. This is because a Silver Will Pure Trust has no income tax requirements and, therefore, it not required to have "taxpayer identification number" to do business or conduct banking. Paper trails to the Citizen are permanently severed. A Citizen's financial affairs are maintained in total privacy.

Eliminates Probate, Death and Inheritance Taxes

Because the Silver Will Pure Trust is also not affected by the death of any parties to the trust contract, there is no need for a will and all probate, death and inheritance taxes are eliminated.

Without proper asset protection and estate planning the government and attorneys can take the majority of a Citizen's estate at his or her death. Property and bank accounts can be frozen for months and sometimes years.

The Silver Will Pure Trust provides your family with *peace of mind* and insures that an unanticipated death will not put a wife, husband, children or other heirs into immediate financial turmoil.

Limited Liability through Multiple Pure Trusts

There is no method of holding assets or conducting business that completely eliminates the liability for damages inflicted upon others. However, a Silver Will Pure Trust can limit the amount of property that is exposed to a potential suit. This is achieved through creating multiple trusts. Each trust then limits its liability only to the assets held within it. Other property held in *different* trusts would be fully protected. One trust is not effected by the debts or other trusts just as you can be held liable for your neighbor's debts.

For example a Business Silver Will Pure Trust should hold minimal assets, i.e. a desk, a chair and a typewriter. Other valuable assets belonging to the business should be transferred into a separate holding trust with a different name. That way if the Business trust is sued and a judgement is obtained, the assets in holding trust will not be attachable. Moving equipment, automobiles and other assets capable of producing a liability should ALWAYS be segregated from other assets in their own separate trusts. For example, let's say you transferred your car and your house in the same trust. If the car were involved in an accident that the insurance company refused to cover, both your home and car would be in jeopardy. However, if through intelligent asset planning, you separated the house and the car into separate trusts, the car would be in jeopardy but the house would be fully protected. The average American needs 10 Silver Will Pure Trusts in order to provide maximum asset protection.

A Silver Will Pure Trust Maintains all Constitutional Rights

"The fact that a business trust is not regarded as a legal entity distinct from its trustees, if a true trust...may result in this advantage to the trust, which a corporation does not possess: The trust consists of individuals...who are Citizens, and who therefore are entitled to certain rights and immunities such as those guaranteed by the privileges and immunities clause (Art. IV, 2, Cl.1) of the federal Constitution, which do not apply to corporations." — 156 ALR (American Law Review) Pg. 51, paragraph 3.

The best time for estate planning and asset protection is NOW, *before* you need it. A Silver Will Pure Trust provides the surest road to freedom permitted by law, providing the ultimate in tax immunity, ironclad asset protection, privacy and estate planning. Silver Will Pure Trusts have been one of the best-kept secrets of wealthy, financially sophisticated Americans for hundreds of years. Previously, only specialized attorneys had an understanding of Silver Will Pure Trusts. Now they are available to all Americans.

Pure Trust Definitions

The Corpus

The property held within the Silver Will Pure Trust is called the "corpus". One or more "trustees" manage the "corpus" for the benefit of an unlimited number of "Beneficiaries or Capital Unit Holders."

The Exchanger or Settlor

The Pure Trust is implemented after it has been signed and executed by all parties to the contract and the "Exchanger", who is also called a "Settlor," conveys property into it, creating the corpus of the trust, in *exchange* for "Capital Units." This constitutes a tax-free exchange. All capital units can be held by the "Exchanger" or divided among Beneficiaries of the Exchanger's choice. The Exchanger (Settlor) can be either a Beneficiary/Capital Unit Holder.

Beneficiaries/Capital Unit Holders

Capital Units represent 100% of the "rights to the proceeds" or the "rights to the benefits" of the property held in the trust. This is called the *"beneficial interest."* This means that even though the Exchanger no longer owns the property, he/she still can retain the benefits. For example, if a car is in trust, the Beneficiary could still drive the car. If a house was in a Silver Will Pure Trust he or she could sign a lease agreement with the trust and continue to live in it. If a business is operating as a Pure Trust Organization, the Beneficiary/Capital Unit Holder(s) have the right to the profits or proceeds of the business, etc.

The "Beneficiaries" of the Trust are the "Capital Unit Holders." *A Beneficiary/Capital Unit Holder has no management control of the Trust.* This is the responsibility of the Trustee(s). For this reason, the trust is said to be "Pure" and the Beneficiaries/Capital Unit Holders are not liable for the obligations incurred by the trustees or managing agents appointed by the trustees.

The Trustees

The Trustees do not own property held within the corpus of the Pure Trust Organization. They merely hold such property and manage it for the benefit of the Beneficiaries/Capital Unit Holders. Pursuant to Hussey v. Arnold, 70 NE 87; Mayo v. Moritz, 24 NE 1083, the fact that the trustees hold property, does not mean the trustees owns personal property. Trust property cannot be held under an attachment nor sold upon the execution of Trustee's personal debts. Trustees cannot be held liable for debts incurred by the trust.

The Trustees *cannot* also be Beneficiaries/Capital Unit Holders. Although they do not have the "right to proceeds" or "beneficial interest," they can receive compensation for their activities as Trustees.

Status of the Pure Trust Organization

The "Trust Estate" is Irrevocable. This is not as intimidating as it sounds. A Pure Trust can buy, sell, or transfer property into and out of the Trust Estate, like any other form of business. You merely cannot move the property back and forth between you and the Pure Trust. This is to your advantage because you would not want an unscrupulous creditor to take you to court for the purpose of forcing you to revoke the trust so that they could attach your property.

Why Choose "Silver Will Pure Trusts" as your Trust Drafter?

All trusts are not created equal. A "Contract in the Form of a Pure Trust Organization" is only as ironclad as the *Contract* that gives it life and provides protection for the property it holds. William S. Gadd, with the input of other competent legal counsel, drafted the Silver Will Pure Trust instrument. William is a well-respected and tenacious legal scholar and researcher. He is one of the foremost experts in America on the Common Law, Constitutional Law, Pure Trust Organizations and Tax Law.

With Silver Will Pure Trusts you are working directly with the entity that created and drafted the trust instrument rather than a promoter that merely copied another trust drafter's instrument. We, therefore, have an in depth understanding of the intricate aspects our Trust instrument's indentures, laws and operational procedures. We are in a position to explain, support, maintain and defend the trust instrument, if necessary.

A Silver Will Pure Trust provides the ultimate in contractual protections and tax alleviation indentures, without any loopholes that could weaken the instrument. Because the laws governing this Contract of Trust are the common law and the Constitution of the United States, which is the *supreme* law of our land, there are no statutory laws that can undermine the integrity of the trust instrument. The Silver Will Pure Trust was modeled after Contracts of Trusts that have already withstood the intense scrutiny of the Court system and have remained in tact.

Silver Will Pure Trusts are deliberately affordable at \$3,000 for the 1st Contract of ten Trusts and \$300 for additional Trusts. The price of other Common Law Trusts range from \$3,000 - \$10,000 per Trust Organization!

Transferring Property

Transferring property into a Contract of Trust is as simple as transferring it to any other third party. Property is merely transferred from the original owner to the *name of the trust*. When you receive your customized Silver Will Pure Trust, it will also include detailed simple instructions for executing it, transferring property, opening a bank account, as well as sample minutes and other information.

IMPORTANT! PLEASE READ THE FOLLOWING BASIC RULES FOR STRUCTURING A PURE TRUST ORGANIZATION BEFORE FILLING OUT THE PURE TRUST APPLICATION

THE STRUCTURE OF THE TRUST IN GENERAL

Structuring a Silver Will Pure Trust is extremely simple if you just adhere to some basic rules. The Silver Will Pure Trust is like any other person or business entity that has the power to hold property, sell property, transfer property, conduct business, etc. It's simply an entity that has a different name and ID number than you. Property is transferred into the name of the Pure Trust as if it were any other person.

Once title to the property is in the name of the Trust Organization, it is protected by the ironclad Contractual and Constitutional protections contained within the trust instrument (document). Because your right to contract cannot be impaired, you have *peace of mind* in knowing the property is safely protected. You will have the advantages of property ownership without the potential liabilities.

THE NUMBER OF PURE TRUSTS NEEDED FOR MAXIMUM ASSET PROTECTION

To maximize the benefits of the Pure Trust Organization, it is vital to put each asset that has *the potential of creating a liability* into its own separate Trust Organization so that it does not jeopardize other assets. In a lawsuit, lien, levy, etc., the only assets that can be seized are those assets in which title is held in the name of the person or entity *that created the liability*. For example, let's say your car was involved in a serious accident that created a million dollars worth of damages and the insurance company refused to honor your claim. Because your name was on the Title to the car, if you are successfully sued, a judgement will be entered *in your name*. Therefore, every asset held *in your name* would be subject to seizure. The advantage to a Silver Will Pure Trust is that it allows you to contractually move assets out of *your name* while still retaining full control or all of the benefits of the property.

In the previous example if you had the forethought to put the Title to the car, in the name of a Silver Will Pure Trust instead of your name. Only the Pure Trust entity could be sued, under its fictitious name. Other assets held in your name or in the names of other trusts would be immune from judgement! If a court judgement, lien or levy has been filed against you *personally*, only those assets that you hold title to, *in your own name* are subject to seizure.

Businesses should always have a *minimum* of 10 Pure Trusts. The first operating entity should hold beneficial interest of other trust. Other Silver Will Pure Trusts should then be established under different names to hold and protect all other assets of the business organization. Business equipment that has the potential of creating a liability should always be segregated into separate trusts.

NAMING THE SILVER WILL PURE TRUST

Unless you are creating a Family Trust, do not use your last name or the word "Trust." Name your business as if it were a Sole Proprietorship. This will protect your privacy and will also make doing business and transferring property simpler.

THE TRUST IDENTIFICATION NUMBER

Because a Silver Will Pure Trust has no tax requirements, it has no need for a Federal Employer Identification Number or a Social Security Number, which are necessary for tax reporting purposes only.

The Silver Will Pure Trust will be issued a nine-digit, internally generated, identification number for banking and identification purposes, *unrelated to taxes*. This Trust Identification Number is private and will not be linked to any Federal or State Government agency. It will be included on your final Silver Will Pure Trust Document(s). Each Trust will be issued a separate number.

NAMING TRUSTEES AND BENEFICIARIES

The most important rule to remember when structuring your Silver Will Pure Trust is that one individual cannot be BOTH a Trustee and a Beneficiary/Capital Unit Holder. It is the complete separation of these two entities that affords the Silver Will Pure Trust its protections. If the same person who holds the legal and equitable title, also has the beneficial interest or the right to proceeds, no trust has been created. The entity then is said to be operating as an "alter-ego" or as a "nominee" of the trust.

THE PROTECTOR

The Protector has the power to terminate Trustees and/or appoint new Trustees. The Protector may also appoint "Successor Trustees" in the event a Trustee dies. A Protector cannot have any other position in the Pure Trust. A Protector can be anyone, related or unrelated to you.

TRUSTEES

Trustees hold the legal and equitable title to the property in Trust, for the benefit of the Beneficiaries/Capital Unit Holders. They do not, however, actually *own* the property. A Trustee cannot also be a Beneficiary/Capital Unit holder. Trustees have no rights to the "*beneficial interest*" in the form of income and profits. However, they can receive a contractually agreed upon compensation in return for their Trustee services. Trustees have Management Control of the Silver Will Pure Trust. There can be one Trustee or as many Trustees as desired. All of the Trustees can work together in managing the Trust or any or all Trustee(s) can delegate management authority to one or more managers to transfer property, open and operate bank accounts, and take care of the day to day operations.

ADVERSARIAL (UNRELATED) TRUSTEES

In order to maintain the tax immunity qualities of the Pure Trust, it is important that it is not considered a "Grantor" Trust, which is required to file a 1041 Form. According to the I.R.S.: "*The title of 'grantor trust' arises when there is no trustee with adverse interest.*" The words "adverse" or "adversarial" mean *unrelated*. The rule of structure is that "the majority of trustees must have an interest 'adverse' or *unrelated* to that of the beneficiaries/capital unit holders. This means that if the beneficiaries are your wife/husband/children, the majority of trustees cannot be related to them. Therefore, for example, if you were a man and wanted to be a trustee and make your wife and children beneficiaries, you must also have at least two other unrelated Trustees. If you and your wife both want to be trustees, there must also be at least *three* other unrelated Trustees. Our company can provide adversarial (unrelated) trustees for you at a minimal cost. These trustees will delegate the authority to your Managing Trustee to open the bank account, sign checks, transfer property, sign the minutes and make management decisions concerning the contract of trust. If you are not related to the beneficiary(ies) you do *not* need adversarial trustees.

THE MANAGERS

Typically the manager will be responsible for the management of the Trust. The Manager is merely an employee of the Pure Trust and is not an integral part of it. However, some individuals choose this position because they want to manage the Trust with privacy. When transferring title to real property and automobiles, it is necessary to include the name(s) of the Trustee(s) in addition to the name of the Pure Trust, as a matter of public record. The Manager's name, however, would not appear on title. It would only be included within the trust minutes, which are totally private.

THE BENEFICIARY/CAPITAL UNIT HOLDERS

Beneficiaries/Capital Unit Holders have the right to the "*beneficial interest*" which is a right to the income, profits, and proceeds and use of the Pure Trust Organization. However, in order to provide maximum asset protection, the trust must be "Pure".

The Trustee assigns the "Exchanger" (Settlor) *capital units*, which represent 100% of the beneficial interest of the Pure Trust, in exchange for the property he or she conveys into the trust. The Exchanger can then either keep all Certificates or divide them in any manner among Beneficiaries of his or her choice.

BANK ACCOUNTS

Silver Will Pure Trusts can also open a completely private bank account with no Federal ID Number or Social Security number at a major bank. This account will be like any other checking account, except that it is completely private.

Silver Will Company

Questions & Answers

Regarding Pure Trust Organizations

Q: What are Pure Trust Organizations?

A: A PTO is an entity formed by a contract that is capable of conducting any lawful business activity or operation, such as buying, selling, and holding property, etc. PTO's are governed according to the Common Law of Contracts and are created by citizens exercising their unalienable (literally, un-a-lien-able) rights, as recognized by the Declaration of Independence (1776) and Article I, Section 10, of the Constitution for the United States of America (1787), which forbids our government from making any law which "impairs the obligation of contracts".

Unlike "statutory trust" entities, which are subject to governmental regulation and taxation because they are created, registered, and regulated according to changeable congressional and state legislation, a pure trust organization is "pure" because it is untainted by outside influences. It is formed as a matter of a natural-born human's sovereign, unalienable right to contract, a right which, again, may not be impaired in any way by governmental interference, regulation, or taxation.

The contract creating the PTO becomes its own law -- the only law to which the PTO is subject. Not even the name given a PTO upon its creation must be registered with or approved by any governmental entity, no matter how many other entities may share the same name.

Statutes that require persons or partnerships transacting business under a fictitious name to file a certificate giving the names and addresses of those making use of such name do not apply to business trusts that are, in their nature, pure trusts and not partnerships. National City Finance Co. v. Lewis, (Cal App)3 P2d 316, reh dent (Cal App) 4 P2d 163, and Gen'l Amer. Oil v. Wagoner Oil & Gas.

Business entities (sole proprietorships, partnerships, limited liability companies, joint ventures, corporations, and all but one type of trust organization) derive their recognized form of existence from and through government. The pure trust organization does not. Because it is an entity created by sovereigns exercising their natural, unalienable right to contract, it is not subject to governmental interference in any form.

Q: How do PTO's work?

A: Step 1: You, the Exchanger, have property that you wish to protect, so you enter into a contract with a "Creator". This contract involves an exchange.

Step 2: Through the process of the Exchange, the Creator places your property into an entity known as a PTO. In the Exchange, you receive \$25 of silver plus 100% of the right to the final distribution of assets when and if the PTO is ever dissolved.

Step 3: The Creator then fulfills his role by appointing a Fiduciary Owner to administer the affairs of the PTO according to the terms of the contract. This Fiduciary Owner is someone who is not related to you by blood, marriage, or cohabitation.

Step 4: The Fiduciary Owner then appoints you as Managing Director, if this would be in the best interest of the PTO.

Q: Why are \$25 in silver part of the exchange?

A: Many people transfer assets to some entity for protection from taxation only to have the IRS come back and set aside the transfer because "valuable consideration" did not take place.

Under the America's Constitution, valuable consideration occurs when the value in consideration is in excess of twenty (20) dollars of lawful money. When the value in consideration exceeds this amount, there is the right to a trial by jury in the event of a dispute (something not available in tax court).

Note: As many of you know, the only "lawful money" in the United States are coins minted in gold or silver. This is specified in the original Constitution of 1787, as well as in the current laws of the United States (31 USC 5112). The paper currency that we use are "Federal Reserve Notes" and say on their face -- "This note is legal tender for all debts public and private." Before silver coins were withdrawn from general circulation in the 1960s, they used to read, "This note is legal tender for all debts public and private and is redeemable in lawful money...". But, in 1966, Congress passed the Federal Tax Lien Act. On page 3722 of that law, in a section subtitled "Legislative History", Congress wrote these words: "The entire taxing and monetary systems of the United States are hereby placed under the Uniform Commercial Code." This allowed "lawful money" to be totally withdrawn from circulation and replaced with "legal tender". Under the UCC, there are four types of legal tender: Cashier's Checks, Money Orders, Certificates of Deposit, and Promissory Notes, but none of these is "lawful money".

Q: What is an EIN?

A: Most natural-born Americans choose to obtain (believe that they are required to obtain) a Social Security Number (SSN) from the Social Security Administration. The IRS also uses this number -- for identification purposes. If this number is obtained from the IRS instead of the Social Security Administration, as is sometimes the case, it is referred to as a Taxpayer Identification Number (TIN).

An Employer Identification Number (EIN) is a number that the IRS assigns to business entities, non-profit organizations, and public institutions/agencies that have tax requirements, employees, and an obligation to pay income or payroll-related taxes and file reports with the IRS concerning those taxes. It's primarily used on tax returns and other reports filed with the IRS.

Q: What "tax requirements" are currently being imposed on business entities, non-profit organizations, and public institutions/agencies?

A: There are several, as follows:

- (1) The requirement to pay "income taxes" on "income" (profit) or "capital gains".
- (2) The requirement to report on the distribution of income (profits) to others, such as sole proprietors, partners, shareholders, and beneficiaries.
- (3) The requirement to account for and pay to the IRS sums that were withheld (for income tax, Social Security, and Medicare) from the salaries and wages of employee.
- (4) The requirement to account for and pay employer "matching" contributions, such as Social Security and Medicare Insurance, for those employees who are participating in these program.
- (5) The requirement to account for and to pay other "employer taxes", such as federal unemployment insurance.

Q: Why doesn't a pure trust organization have tax requirements?

A: PTO's have not tax requirements because they are sovereign entities, having been established as such in English common law and through the 200-plus years of American jurisprudence. "Sovereigns" are not subject to taxation or regulation. "Subjects" are.

If we look at the history of trusts, this distinction becomes clearer. Trusts were a part of ancient Hebrew law. Around 400 BC, Plato used a trust to create a "sovereign" university in Greece. Trusts were also a part of Roman law. Jesus scolded the religious elite of his day for making a big show of generously pledging their assets upon death as a gift to the temple (a form of trust agreement that we'd call a "charitable remainder trust") and then using that as an excuse for their private stinginess in not generously caring for their elderly parents.

Trusts were used as early as the 11th century in the English-speaking world. By the 1400s, they were being enforced by the Courts of Chancery. The basis in English written law, however, dates to the Magna Carta of 1215 when knights who were weary of having the king take their lands when they went off to war persuaded King John to make the famous document. He wasn't happy about signing it because, until then, he was the only recognized sovereign in the land. But given the alternative of being beheaded if he didn't sign it, he saw the wisdom in recognizing that Man (knights, not the common man/serf) was sovereign. Sovereigns could own land and were not "subject" to taxation. "Subjects" paid taxes.

Common law trusts were soon established. Knights could choose to have their estates held by a separate party, such as a friend or the church. Property would be held "in trust" for the knight and his family. If the knight didn't return from battle, his family wasn't put out of house and home. The knight may have died, but the trust (as its own entity) did not die. If a knight was foolish enough not to put his property and estate in trust, many burdens would fall on the holder of legal title. For instance, if the son of the former owner was still a minor, the King had a right to claim fees. Also, if a property owner was ever convicted of a crime, he would forfeit all that he owned to the King, leaving his family in poverty. Trusts had many other advantages, as well, including privacy.

You may recall that the Revolutionary War was motivated, in large part, by what was perceived as oppressive taxation of the American Colonies by the King of England and by the "swarms" of agents sent to tax and harass the American people. In pursuing and establishing independence from the King of England, the American revolutionaries established that the sovereignty formerly held by the King (and by Lords, Dukes, and Knights) belongs to We the People – to each of us, individually, since "we are endowed by our Creator with certain unalienable rights" and to all of us, collectively, who joined together to form "a more perfect union" of sovereign, independent republic states in which we reside as free, independent, sovereign citizens.

Patrick Henry was a patriot whose passionate phrasing, "I know not what course other men may take; but, as for me, give me liberty, or give me death!" inspired many during the days before the Revolutionary War. One day, Mr. Henry was approached by Robert Morris, Governor of the Virginia Colony and a man who became a prominent financier of the American Revolution. Morris requested that Henry establish a trust for his property. King George was taxing property owned by any English subject, but he couldn't tax land owned by a sovereign or by a pure trust. The pure trust which was created, The North American Land Company, is still in existence today.

The knowledgeable-wealthy (by no means all of the wealthy) continued to utilize the pure trust throughout American history. When the original thirteen colonies won their independence, the man who was reputed to be the richest in the nation, William Bingham, who also served as a Senator from Pennsylvania in the 2nd United States Congress, started a pure trust for his estate, which, at one time, held over two million acres in Maine. After 160 years of operation, the trust was terminated in 1964 upon the sale of the last of the

properties involved and because the number of beneficiaries had grown to over 300. During the trust's existence, however, it was not affected by the death of its creator or by the death of generations of trustees. It never paid a cent in probate costs or estate (death) taxes.

The Kennedy family is known to maintain a number of pure trusts, a process which was begun when Joseph Kennedy created a pure trust to own the Chicago Merchandise Mart, which was valued in a *Chicago Tribune* article dated March 22, 1947, at some \$30 million. A \$50 million trust estate was created by William Waldorf Astor, saving his heirs millions in probate costs and estate taxes. It is reported that, when John D. Rockefeller died, he had over 250 pure trusts. Rumor has it that the number of Rockefeller pure trusts now tops the 2,000 marks. The billion-dollar-plus Mellon family (Mellon Bank) has extensively utilized a complex structure of PTO's. The *Dallas Morning News* carefully researched the estate of Texas oil man H.L. Hunt, who died with less than \$30,000 in total personal assets (automobiles valued at \$21,250 plus \$5,443 on deposit in his name in the bank). Yet, he passed complete control of an estate estimated at two to five billion dollars to his son, Bunker Hunt, without estate taxes or probate costs, through the use of pure trust organizations.

Q: Why do the knowledgeable-wealthy utilize pure trust organizations instead of wills, living trusts, and corporations?

A: There are a number of reasons:

(1) Because PTO's eliminate the estate shrinkage that is caused by probate costs and estate taxes. Wills are created in the expectation of death. Pure Trusts are created in the expectation of life. A pure trust creator, beneficiary, or trustee may die, but a PTO does not die unless its trustees dissolve it.

"A trust for probate avoidance is a lawful, irrevocable separate legal entitle," Harwood v. Tracy, 118 Mo. 631, 24 SW 214.

(2) Because PTO's maintain complete personal and financial privacy. PTO documents and bank statements are not subject to IRS audit or other governmental subpoena.

"The trustees of a trust have all the power necessary to carry out the obligations which they assume. Their books and records are not subject to review or subpoenas." Smith v. Morse, CA 524.

"Concerning privacy, a trust organization created under the United States Constitution's 'Right of Contract' cannot be abridged." Waterman v. Mackenzie, 138 US 252 (1981).

"A pure trust is established by contract, and any law or procedure in its operation, denying or obstructing contract rights, impairs contract obligation and is, therefore, in violation of the United States Constitution." Burnett v. Smith, 240 SW 1007 (1922) (U.S. Supreme Court).

(3) Because PTO's limit personal and business liability. If what you personally own at present is placed into a PTO, you will no longer "own it". If you are sued (and you lose), a judgment may only go against you and what you personally own. It cannot attach itself to a PTO, which is a separate legal entity.

"[Pure] Trust property cannot be held under attachment nor sold upon execution for the trustee's personal debts." Clew v. Jamison, 182 US 461, 21 S Ct 645.

(4) Because PTO's, as we have said, have no tax requirements. (See IRS Letter 45C on the following page.)

"A pure trust is not illegal if formed for the express purpose of avoiding taxation." Edwards v. Commissioner, 415 F2d 578, 582 (10th Cir. 1969); Weeks v. Sibley, (DC), 269 F 155.

"The legal right of a taxpayer to decrease the amount of what otherwise would be his taxes, or altogether avoid them, by means which the law permits cannot be doubted." Justice George Sutherland, Gregory v. Helvering, 239 US 465, 469 (1934).

"Dignity of contract cannot be set aside because a tax benefit results either by design or accident." Boyd v. US, 116 US 618.

"Anyone may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern which will best pay the treasury; there is not even a patriotic duty to increase one's taxes." Judge Learned Hand, Helvering v. Gregory, 69 F2d 810 (1934).

"As to the astuteness of taxpayers in ordering their affairs so as to minimize taxes, we have said that, 'The meaning of a line in the law is that you intentionally may go as close to it as you can if you do not pass it'." Superior Oil Co. v. Mississippi, 280 US 390, 395-96.

"All subjects over which the sovereign power of the state extends [i.e., corporations or other statutory entities] are objects of taxation [and regulation], but those over which it does not extend are exempt from taxation [and exempt from regulation]. This proposition may almost be pronounced as self-evident. The sovereignty of the state extends to everything which exists by its authority or its permission." McCulloch v. Maryland, 4 Wheat, 316.

"The Pure Trust derives no power, benefit, or privilege from any statute." Crocker v. Malley, 264 US 144; Gleason v. McKay, 134 Mass 419; Goldwater v. Olman, 292 P 624 (1930).

(5) Because PTO's can engage in any lawful enterprise or activity.

"It has been held that public policy is not offended by permitting a business to be carried on by trustees who limit their liability to the trust estate... [N]or do statutes authorizing limited liability partnerships and corporations by implication prohibit the creation of other types of organizations such as Business Trusts, enjoying similar immunity by virtue of the common law." 13 Am Jur 2d, 58 ALR 462.

(6) Because PTO's may receive nominee income from any agent-trustees who have employment contracts with the PTO. This employment contract may provide that all income received from a firm, company, or individual for which or whom services have been rendered must be released to the PTO. Therefore, no government agency has the right to take income earned by the PTO in this manner, add it to the income of the trustee(s), and then force the trustee(s) to pay income taxes on it.

"The Internal Revenue Service has recognized that amounts received by an Agent on behalf of a Principal and turned over to the Principal are not taxable to the Agent under Sec. 61(A) of the code." Internal Revenue Ruling, 76-479.

The United States Supreme Court [Lucas v. Earl, 281 UPS 111 (1930)] held that tax responsibility can be shifted when the "tree" (that which produced the income) and not just the "fruit" (the income itself) is conveyed. Moreover, under these circumstances, the third party employer cannot be held responsible for withholding income taxes. See IRS Regulations, Sec. 31-3401(d)1; Rev. Rul. 57-145, C.B. 1957-1, p. 332; and 13 Am Jur 2d (Business Trusts).

(7) Because, if the Trustee and/or spouse signs a contract with the PTO that requires he/she/it to live and work on the premises in order to perform all of the services required, then such premises shall be supplied and maintained, all utilities shall be paid, and transportation shall be provided at no cost to the Trustee(s), and the value of these items is not considered taxable income to the Trustee(s).

"By the common law, every Trustee has the duty of exercising reasonable care in the custody of the fiduciary estate, unless he is relieved of such duty by agreement, statute, or order of Court. U.S. ex rel Willoghby v. Howard, 302 US 445, 58 S CT 309, 82 E Ed 352.

"There shall be excluded from gross income of an employee, the value of any meals or lodging furnished to him by his employer, but only if: (a) In the case of meals, these are furnished on the business premises of the employer, or (b) In the case of lodging, the employee is required to accept such lodging on the business premises of his employer as a condition of employment." Internal Revenue Code, Sec. 119.

(8) Because PTO's have full sovereign rights guaranteed by the Constitution for the United States of America (1787) and its Articles in Amendment. Corporations and other business entities do not have such rights.

"The fact that a business trust is not regarded as a legal entity distinct from its trustees, if a true trust...may result in this advantage to the trust, which a corporation does not possess: The trust consists of individuals...who are Citizens, and who, therefore, are entitled to certain rights and immunities such as those guaranteed by the privileges and immunities clause [Art. IV, Sect. 2, Cl. 1] of the Federal Constitution, which do not apply to corporations." Morrissey, et al., Trustees v. Commissioner, 296 US 344, 80 L Ed 363, 56 S Ct 289, 156 ALR, p 50, para. 3.

"The individual may stand upon his constitutional rights as a Citizen. He is entitled to carry on his private business in his own way. His power to contract is unlimited. He owes no duty to the State or to his neighbors to divulge his business or to open his doors to investigation... He owes no duty to the State, since he receives nothing therefrom, beyond the protection of his life and property. His rights are such as existed by the Law of the Land, long antecedent to the organization of the State, and can only be taken from him by due process of the law and in accordance with the Constitution. He owes nothing to the public so long as he does not trespass upon their rights." Hale v. Henkle, 201 US 43 at 74, (U.S. Supreme Court).

"One of the objectives of business trusts is to obtain for the trust associates most of the advantages of corporations without the authority of any legislative act and with the freedom from the restrictions and regulations generally imposed by law upon corporations." 13 Am Jur 2d, p. 379, Para. 51.

"A trust relationship comes under the realm of equity, based upon the common law, and is not subject to legislative restrictions, as are corporations and other organizations created by legislative authority. Elliot v. Freeman, 20 U.S. 178.

(9) Because assets may be transferred into the PTO (and thereby protected, presented, improved upon, and held for the present and future benefit of self and family) without negative tax consequences.

Market Value, for the purpose of the internal revenue law, is the price at which a seller is willing to sell at a fair price and a buyer willing to buy at a fair price, both having reasonable knowledge of the facts in the trade. On the creator's side, the trust certificates received have no reportable or determinable value to be declared. The trust organization receives property at its current market value. If the same property is later sold, only the amount beyond the creator's basis is recognized as taxable, as

the appreciated value is part of the trust assets. The property recognizes that a taxable status exists when transferred into the trust organization, but any tax payment is deferred until distributed from the trust organization to the beneficiaries." American National Bank of St. Joseph v. U.S., 92 F Supp 403 (1950).

"[N]o tax is assessed on the conveyance of property to a Trust because it constitutes a taxfree trade and exchange for Trust Certificates which have only a contingent future interest of indeterminable value. The tax is not evaded or avoided. It is merely deferred." Burnet v. Logan, 283 US 404.

Q: In the case above, the court ruled that, "The tax is not evaded or avoided. It is merely deferred." Does this mean that taxes are due and payable when a PTO is terminated?

A: The IRS sees taxes as due and payable every time a taxpaying entity receives "income". But what if another PTO receives the final distribution? According to Diane H. Whitby, Chief, Accounting Branch, Internal Revenue Service, Philadelphia, Pennsylvania, a PTO has no tax requirements. Therefore, no taxable event with a taxpaying entity has occurred.

Q: Could a PTO be set up to cover profits that have been made in the past?

A: No. A PTO can greatly reduce or eliminate federal income taxes, self-employment taxes, estate taxes, and probate costs, but it can only do so starting from the date of its creation. To attempt to back-date a PTO would put benefits to be derived from it in the future at risk.

Q: Can a PTO claim a refund for taxes paid in the past?

A: Only entities that have paid taxes can go back in time to claim a refund. Since a PTO doesn't have any tax requirements, it cannot claim your refund or anyone else's. If a refund is due you, you will have to claim it for yourself, using your name and your taxpayer identification number and not those of the PTO.

Q: How are assets such as cars and boats transferred into a PTO?

A: Sometimes it is best to leave assets such as cars and boats titled in the name of an individual but to exchange all of the equity with the PTO and have the PTO record a corresponding security interest in the assets using a demand note and UCC 1. (The interest would have to be satisfied and released by the PTO before the title could be transferred to anyone else, though.) This would protect the individual in terms of liability because, if an individual has no equity in a property, not equities can be seized from or taken by way of judgment against the individual.

Q: If the legality of my PTO is challenged, who can talk to?

A: Although we know of no instance in the past ten years when the validity of a PTO has been challenged in court by the IRS, there are several persons who offer assistance in the realm of PTO's and your common law rights. There are both "non-lawyers" (persons who have graduated from law school but who do not wish to join a bar association) and lawyers. Most of these individuals work on a consulting basis with hourly rates of \$150 or less.

Because its previous attacks were not successful, the IRS does not even like to acknowledge the existence of PTO's. Recently, however, it does seem as though the IRS is making an effort to "keep a lid on" the spread of PTO's. The tactic of the IRS is not to attack the PTO entity, but to attack the people who promote them. These attacks range from "bad-mouthing" to setting up elaborate "sting" operations in which the trust promoter has allegedly become involved in money laundering.

Because of these IRS tactics, we simply will not consult with any individual who will not sign a statement certifying that he/she is not a government agent and that the assets and/or income involved has not resulted from illegal activities.

Q: Where can I look for additional information about PTO's?

A: Volume 13 of *American Jurisprudence* (2nd Edition, 1985) examines court rulings that concern a variety of forms of trust organizations. PTO's have some of the qualities of the trust organizations that are described in this legal reference work as Common Law Trusts, Business Trusts, and Massachusetts Business Trusts. In addition, you may study *Income Taxation of Trusts, Estates, Grantors, and Beneficiaries* by Jeffrey N. Pennell, (West Publishing Company), or *The Federal Tax Guide* (Legal Forms 2d).

Gregory P. Karl, CPA

March 29, 1996

Chuck Felthaus
Chief - Accounting Branch
INTERNAL REVENUE SERVICE
11601 Roosevelt Boulevard
Philadelphia, PA 19154

Re: *Pure Trust Organizations*

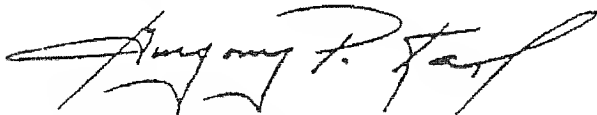
Dear Mr. Felthaus:

I have a number of Pure Trust clients and I have an urgent request. Please let me know the income tax requirements for a Pure Trust Organization as well as the proper procedure for obtaining an Internal Revenue Service issued Employer Identification Number for them.

I would appreciate your written reply at your earliest opportunity since my clients would like to fully comply with any filing required under the Internal Revenue Code for a Pure Trust Organization.

Thank you very much for your anticipated speedy assistance on this matter and I apologize for any inconvenience that it may cause you.

Sincerely,



Gregory P. Karl, CPA

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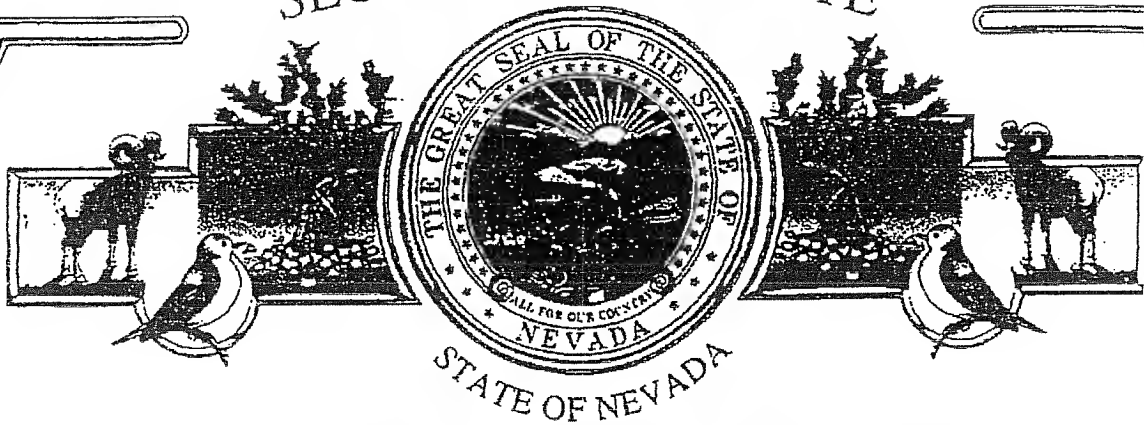
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ACCOUNTING BRANCH

SECRETARY OF STATE



LIMITED LIABILITY COMPANIES

NO CORPORATE INCOME TAX

NO TAXES ON CORPORATE SHARES

NO FRANCHISE TAX

NO PERSONAL INCOME TAX

NO I.R.S. INFORMATION-SHARING AGREEMENT

NOMINAL ANNUAL FEES

MINIMAL REPORTING AND DISCLOSURE REQUIREMENTS

STOCKHOLDERS ARE NOT PUBLIC RECORD

Additional Advantages

Stockholders, directors and officers need not live or hold meetings in Nevada, or even be U.S. citizens.

Directors need not be stockholders.

Officers and directors of a Nevada corporation can be protected from personal liability for lawful acts of the corporation.

Nevada corporations may purchase, hold, sell or transfer shares of its own stock.

Nevada corporations may issue stock for capital, services, personal property or real estate, including leases and options. The directors may determine the value of any of these transactions, and their decision is final.

(rev. 1/19/95)